Finance

BUSINESS PLAN 2005-08

ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2005 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 21, 2005 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

[Original Signed]

Shirley McClellan, *Minister of Finance*
March 24, 2005

THE MINISTRY

The Ministry of Finance includes the Department of Finance, Alberta Capital Finance Authority, Alberta Pensions Administration Corporation, ATB Financial, Alberta Insurance Council, Alberta Securities Commission and the Credit Union Deposit Guarantee Corporation and their subsidiaries, as well as the following five regulated funds: Alberta Heritage Savings Trust Fund, Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund, Alberta Heritage Science and Engineering Research Endowment Fund and the Alberta Risk Management Fund. The Ministry of Finance also includes the activities of a number of companies in wind-up.

The Department of Finance has nine main areas: Office of Budget and Management; Investment Management; Investment Administration; Policy and Strategic Planning; Pensions, Insurance and Financial Institutions; Tax and Revenue Administration; Risk Management; Treasury Management, and Strategic and Business Services.

105-04946

The Finance Business Plan incorporates all the entities reporting to the Minister into an integrated strategic plan that focuses on the key priorities for the Ministry. The plan does not include the day-to-day activities of the Ministry.

VISION

A province that is innovative and globally competitive with a fiscally sustainable and accountable government.

MISSION

Implement the government's fiscal framework and financial policies and provide innovative revenue, investment and risk management.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

Alberta Finance supports two of the four pillars in the Government of Alberta Strategic Business Plan. They are *Unleashing Innovation* and *Making Alberta the Best Place to Live, Work and Visit*. The following shows the linkage between Alberta Finance's 2005-08 Business Plan strategies and the 2005-08 Government Business Plan goals.

Finance's 2005-08 Business Plan	Government of Alberta Strategic Business Plan
Goal 4: Investment policies that will provide the greatest financial returns, with an acceptable level of risk, for current and future generations of Albertans • Utilize a risk management framework to ensure risks present in the funds are those believed to lead to superior returns for the Alberta Heritage Savings Trust Fund, and other government endowment funds such as the Alberta Heritage Science and Engineering Research Endowment Fund, and the Alberta Heritage Foundation for Medical Research Endowment Fund.	**Goal 1: Alberta will have a diversified and prosperous economy** **Goal 5: Albertans will be healthy**
Goal 1: A financially strong, sustainable and accountable government • Maintain the government's fiscal framework to help provide predictability and sustainability to prepare Alberta for the challenges that lie ahead. • Continue to fulfill the legislated commitment to be accountable to Albertans by publishing three-year consolidated fiscal and business plans, quarterly fiscal updates, annual performance reports and audited financial statements. **Goal 7: Proactively managed risk** • Provide sustainable funding for liability exposure and loss of public assets. **Goal 11: Pensions that deliver on promises** • Review pension plan regulation and governance to help ensure pension plans are sustainable.	**Goal 8: Alberta will have a financially stable, open and accountable government** **Goal 14: Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life**
Goal 9: Quality and competitive financial services accessible to Albertans and local authorities • Provide local authorities within the province with the flexible funding for capital projects at the lowest possible cost, consistent with the viability of the Alberta Capital Finance Authority.	**Goal 9: Alberta will have strong and effective partnerships with local, provincial, national and international governments**
Goal 8: Reliable and competitive financial and insurance products and services • Ensure the risks relating to financial products such as insurance and financial institutions in Alberta are minimized. **Goal 10: An effective, efficient and streamlined securities regulatory system** • Implementing an efficient and cost effective inter-provincial system of securities regulation.	**Goal 10: Alberta will be a fair and safe place to work, live and raise families**

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

Maintaining a strong and sustainable financial position poses challenges. Changing world economic conditions, exchange rates and energy prices impact Alberta's economy and fiscal plan. Disasters and emergencies, such as BSE and severe weather conditions, are unpredictable events that can have budget consequences. The Sustainability Fund will help manage risks to energy and other revenues, as well as disasters and emergencies.

An aging population, early retirements and volatile capital markets also impact pension plans. Recognizing pressures on pension plans will enable stakeholders to work together to review pension plan regulation and governance to help ensure pension plans are sustainable.

Economic conditions can impact the growth and volatility of tax and other revenue sources like income from the Alberta Heritage Savings Trust Fund, especially if markets are weak for extended periods.

It is also important to preserve the integrity of the province's tax and revenue base, which can be eroded by economic and other factors as well as non-compliance by taxpayers. A challenge within the tax administration is to find and maintain a suitable funding balance between initiatives that improve service to taxpayers and promote self-compliance, and those that reveal and address non-compliance.

A challenge to the Ministry is to balance its mix of insurance and self-insurance during a time of uncertain insurance markets and a changing legal environment. Another challenge is to help government achieve its goals and balance its strategies with the risk of liability exposure and loss of public assets.

The Ministry faces challenges in regulating and fostering Alberta's capital market. Investor protection has to be balanced with the ability of firms to raise capital. It is also necessary to guard against unnecessary duplication of regulation to ensure capital formation in Canada is not adversely affected, while preserving the ability to respond to regional needs.

STRATEGIC PRIORITIES 2005-08

Through the Ministry's review of environmental factors, the following are strategic priorities for Finance. These are in addition to the important ongoing core activities of the Ministry.

1. Fiscal Framework

Linkage:
Goals 1 and 6

- Maintain the government's fiscal framework to help provide predictability and sustainability to prepare Alberta for the challenges that lie ahead.
- Assess the risks to government on alternative financing of capital projects, and continue refinements to the government reporting entity.

2. Tax Environment

Linkage:
Goals 2 and 3

- Review policies to ensure a fair and competitive tax environment in Alberta.
- Maintain Alberta's tax advantage and consider ways to enhance it.
- Identify and address tax program areas where there is high risk of non-compliance. In addition, initiatives will be taken that improve service to taxpayers while also promoting self-compliance.

3. Investments

Linkage:
Goals 4 and 5

- Develop Alberta Investment Management to better meet the needs of investment clients including government endowment funds and public sector pension funds.
- Alberta Investment Management will enhance its governance effectiveness while promoting a culture of highly informed and risk-aware decision-making throughout the organization.
- As affordable, consider additional contributions to endowment funds.

4. Securities Regulation

Linkage: Goal 10

- Lead and actively promote the development and implementation of an efficient and cost effective inter-provincial/territorial system of securities regulation.

5. Pensions

Linkage: Goal 11

- Review current governance arrangements for public pension plans in consultation with public sector boards and stakeholders.
- Assess private sector pension plan compliance with legislative standards.

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Fiscal Planning and Financial Management

GOAL ONE

A financially strong, sustainable and accountable government

What it means

Strategic fiscal planning and prudent economic forecasting are required to meet today's priorities and sustain essential programs and services over the longer term. The Alberta Sustainability Fund has been established to cushion ongoing operating spending plans from volatile energy revenues and the costs of emergencies and disasters. The Fiscal Framework includes a three-year capital plan, which is funded from three sources: general revenue, the Capital Account and through alternative financing arrangements. Finance will continue to fulfil its legislated commitment to be accountable to Albertans by publishing three-year consolidated fiscal and business plans, quarterly fiscal updates, and annual performance reports, including audited financial statements, as required by the *Government Accountability Act*. Finance will also take an active role in strategic corporate approaches to information technology investment, governance, and accountability.

Strategies

As part of ongoing advice provided to Treasury Board on all fiscal planning matters, the following strategies will be of particular significance over the next three years:

1.1 Ensure the capital planning process remains fully integrated with fiscal planning to support decision-making.

1.2 Assess the financial costs and risks to the government of financing capital (includes both traditional and alternative methods such as Public-Private Partnerships (P3s) and others), make recommendations to limit provincial financial risk, and optimize value for money.

1.3 Work towards adopting the revised Public Sector Accounting Board recommendations for including all controlled organizations in the consolidated reporting entity, which could include health authorities, schools and post secondary institutions. Initial implementation is planned for *Budget 2006* at the earliest.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
1.a Alberta's credit rating	AAA	AAA	AAA	AAA
1.b Percentage of Albertans who think they get enough information on the government's financial performance	57%	70%	70%	70%
1.c Accumulated debt[1] (less cash set aside for debt repayment)	$3.7 billion	0	0	0

[1] As defined by the *Fiscal Responsibility Act*, Section 1(a).

GOAL TWO

A fair and competitive provincial tax system

What it means

Government tax policy of low overall rates on a broad tax base has promoted strong economic growth. Taxes provide revenue that government needs to fund programs and services. The tax system must be fair and promote self-reliance. Our taxes must also be competitive with those in other provinces and countries in order to attract the investment, jobs and skilled workers necessary to keep our economy performing well. Alberta has a low single-rate income tax, the lowest tax on gasoline of all provinces and no general payroll tax. Alberta is the only province without a capital tax or a general retail sales tax.

Strategies

2.1 Complete, as affordable, the implementation of the Business Tax Plan to reduce the general corporate income tax rate from 11.5% to 8%.

2.2 Review Alberta's tax system to examine whether the current low-rate, broad base policy continues to be the best approach for the Alberta economy.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
2.a Provincial tax load for a family of four[1]	Lowest in Canada	Lowest in Canada	Lowest in Canada	Lowest in Canada
2.b Provincial tax load on businesses[1]	Third Lowest in Canada	Lowest in Canada[2]	Lowest in Canada[2]	Lowest in Canada[2]

1 Data for these measures may change as a result of the new framework for the Equalization Program announced by the Federal Government in October 2004.

2 Methodology for this measure and target will be reviewed in 2005-06.

GOAL THREE

Revenue programs are administered fairly, efficiently and effectively

What it means

The Ministry of Finance designs revenue programs, collects revenue owing to the Province, administers provincial tax laws, makes payments of refunds and rebates, and provides information to stakeholders, taxpayers and claimants. Collecting revenues *fairly* means that all taxpayers and claimants are treated equally under the law and with respect; *efficiently* means the cost of administering tax programs is low; and *effectively* means that the risk of loss due to tax evasion is identified and addressed. As part of their responsibilities, the tax areas of Finance provide expertise and advice to other ministries on initiatives with revenue implications. Finance also provides support to taxpayers to ensure returns are submitted accurately the first time.

Strategies

3.1 Ensure tax programs are redesigned to include changes from Alberta's tax plan.

3.2 Identify and address program areas where there is high risk of non-compliance.

3.3 Work with stakeholders to design and administer programs to improve service and promote self-compliance.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
3.a Ratio of amounts added to net revenue to costs of administration	14:1	12:1	12:1	12:1

A new performance measure for 2005-08 has been developed to measure the percentage of revenue obtained through self-compliance. The target for each year of the 3-year period is 92%. An unaudited actual of 91.6% was calculated as at March 31, 2004.

Core Business Two: Investment, Treasury and Risk Management

GOAL FOUR

Investment policies that will provide the greatest financial returns, with an acceptable level of risk, for current and future generations of Albertans

What it means

Investment policies, such as how much to invest in equities versus bonds, are the major determinants of an investment fund's performance over time. Finance is responsible for the investment policies of the Alberta Heritage Savings Trust Fund, and other government endowment funds.

Prudent approaches to savings, including appropriate distributions of income, are an important aspect of a sustainable future.

Strategies

4.1 Utilize a risk management framework to ensure risks present in the funds are those believed to lead to superior returns for the Alberta Heritage Savings Trust Fund and other endowment funds.

4.2 Inflation proof the Alberta Heritage Savings Trust Fund, and, as affordable, consider additional contributions to other endowment funds.

Performance Measures

A new performance measure for 2005-08 has been developed to measure the 5-year market value rate of return of the Alberta Heritage Savings Trust Fund investment policy benchmark compared against the Consumer Price Index. The target return for the 3-year period is equal to or better than the Consumer Price Index plus 4.5%.

GOAL FIVE

5 Superior investment returns subject to client-defined objectives and policies

What it means Once clients have determined investment policies, Alberta Investment Management can enhance returns by making active decisions about the relative performance of various financial markets and investments relative to the appropriate benchmarks. (e.g., The Standard and Poors TSX Composite Index for Canadian equities).

Strategies

5.1 Develop tactical asset allocation capability, and other strategies, to enhance product and fund returns.

5.2 Implement and enhance a risk management framework and review risk tolerances.

5.3 Offer clients additional flexibility to choose products and services to meet their Fund's needs.

5.4 Develop the organizational structure, people and resources to respond to client needs.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
5.a Five-year weighted average market value rate of return for endowment funds compared against the weighted average policy asset mix rate of return (benchmark) for endowment funds	All but one exceeded policy benchmark	Benchmark plus 0.5%	Benchmark plus 0.6%	Benchmark plus 0.7%

GOAL SIX

6 Effective management of financial assets, liabilities and risk

What it means Finance, through the Treasury Management Division, has responsibility for the province's cash management including short term borrowing and investing, management of banking arrangements, and short and long term financing for the government and provincial corporations. The Division ensures that "industry best practices" are in place to optimize the benefits of sound cash management including cash forecasting systems and banking arrangements.

Through prudent management of liabilities and assets, the Ministry endeavours to minimize financing costs and maximize investment returns.

The Ministry has assumed a leadership role in developing an enterprise risk management framework so that the Government of Alberta can effectively manage day-to-day financial challenges and other risks.

Strategies

6.1 Provide leadership in the area of cash management practices by staying up to date with current technology and practices and by maintaining a network with other government counterparts, financial institutions, stakeholders, the Canadian Payments Association and other industry associations.

6.2 Prepare recommendations for government consideration on an enterprise-wide risk management framework.

6.3 Ensure effective investment policies for government funds are in place for optimal return.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
6.a Return on Sustainability Fund	Return on the Fund exceeded the approved benchmark[1]	Greater than approved benchmark		
6.b Return on Consolidated Cash Investment Trust Fund compared to Scotia Capital 91 Day Treasury Bill Index	Exceeded[1] benchmark by 15 basis points[2]	Benchmark plus 5 basis points[2]	Benchmark plus 5 basis points[2]	Benchmark plus 5 basis points[2]

1 Return of fund for 9 months exceeded both the 91 day and 365 day Scotia Capital Treasury Bill indices.

2 A basis point is 1/100 of a percent.

GOAL SEVEN

Proactively managed risk

What it means The Ministry's Risk Management and Insurance Division provides service to ministries to help them identify, measure, control and finance their risk. The Division serves all participants under the *Financial Administration Act*. The Division also administers a program of self-insurance and purchased insurance through the Risk Management Fund.

Strategies

7.1 Improve risk awareness throughout government.

7.2 Provide sustainable funding for liability exposure and loss of public assets.

7.3 Review Risk Management Fund coverage to determine if the Fund continues to meet the needs of government, while balancing stability with scope.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
7.a Cost of risk[1]	$15.8 million	$6.9 million	$8.4 million	$9.0 million
7.b Value of the net assets of the Risk Management Fund	Net liability for year ending was $6.2 million	Net liability $3 million	Net liability $2 million	Net value $0-1 million

1 Includes claims and insurance premiums paid and the change in claims liability from the previous year.

Core Business Three: Financial Sector and Pensions

GOAL EIGHT

Reliable and competitive financial and insurance products and services

What it means

Albertans need to know that the financial services and products they receive are secure. Finance minimizes the risks relating to their products by regulating credit union, insurance, loan and trust industries in Alberta.

Finance will continue to assist the automobile insurance industry to address issues that result from the implementation of Alberta's new automobile insurance system. Through the new Automobile Insurance Rate Board, premium rate charges for mandatory coverage will be reviewed and set on an annual basis. In addition, Finance will monitor the availability and cost of other general property and liability insurance for businesses, non-profit organizations and individuals.

Finance will work with stakeholders and other jurisdictions across Canada to harmonize and streamline regulatory processes.

Strategies

8.1 Review the automobile insurance premium rates for mandatory coverage on an annual basis.

8.2 Assess the availability and cost of other general insurance products.

8.3 Work with stakeholders to review the statutory provisions of the *Insurance Act* respecting insurance contracts.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
8.a Revision of *Insurance Act* respecting contracts[1]	-	*Insurance Act* review completed	*Insurance Act* revised	-

[1] New measure in 2005-08.

GOAL NINE

Quality and competitive financial services accessible to Albertans and local authorities

What it means

Alberta's dynamic economy and entrepreneurial spirit requires readily accessible and technologically advanced financial services and products. Alberta Treasury Branches (ATB Financial) and the Alberta Capital Finance Authority ensure that these services and products are available.

ATB Financial is a full-service financial institution, with the largest branch network in the province. It provides services to individuals, businesses and the agriculture sectors across Alberta.

Alberta Capital Finance Authority provides financing for capital projects to a variety of local authorities including cities, municipalities, towns, counties, hospitals, schools and post-secondary institutions throughout the province.

Strategies

9.1 ATB Financial continues to operate on sound financial institution and business principles with the objective of earning a fair return.

9.2 Alberta Capital Finance Authority will continue to provide local authorities within the province with flexible funding for capital projects at the lowest possible cost, consistent with the viability of Alberta Capital Finance Authority.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
9.a Cost to Alberta local authorities of borrowing from ACFA compared to other municipality/aggregating agencies for a comparable loan.	Partially met[1]	Lowest	Lowest	Lowest
9.b ATB Financial return on average assets (before tax)	1.24%	1.02%	1.07%	1.14%

[1] Met for short-term rates. Mid and long-term rates were comparable to, or slightly higher than, the lowest.

GOAL TEN — An effective, efficient and streamlined securities regulatory system

What it means An effective, efficient and streamlined securities regulatory system is vitally important to investor protection, and vibrant and competitive national and local capital markets. It inspires investor confidence and supports competitiveness, innovation and growth in the economy.

Strategies

10.1 Lead and actively promote the development and implementation of an efficient, streamlined and cost-effective inter-provincial securities regulatory system that is simple to use for investors and other market participants.

10.2 Lead the development of highly harmonized securities legislation, simplified where appropriate, that builds on existing law and could be adopted across Canada.

10.3 Ensure that securities regulation meets the specific needs of Alberta firms and investors.

10.4 Work with other ministries to develop strategies to increase opportunities for Alberta firms and investors.

Performance Measures	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
10.a Inter-provincial/territorial system of securities regulation[1]	-	Established	Established	Expanded
10.b Highly harmonized securities legislation[1]	-	Proposal developed	Draft legislation completed	Legislation adopted

[1] New measure in 2004-07.

GOAL ELEVEN

Pensions that deliver on promises

What it means

Pension benefits must be secure. Finance assesses private sector pension plan compliance with the standards of the *Employment Pension Plans Act* to ensure that plans comply with the *Act*.

Finance provides advice to the Minister on the funding and governance of the public sector pension plans. Alberta Pensions Administration Corporation (APA) provides administrative services for public sector pension boards, employers, members and pensioners of seven different pension plans and two supplementary retirement plans.

Finance works with the federal government and the other provinces to maintain the sustainability of the Canada Pension Plan and explores alternatives to allow Albertans to secure their retirement income. The Government of Alberta accepted the recommendations of the Committee on Strengthening Alberta's Role in Confederation to address the current intergenerational inequities in the CPP, and to bring the plan to full funding.

In addition, Finance continues to work with stakeholders and other jurisdictions across Canada to harmonize and streamline private pension legislation and regulatory processes.

Strategies

11.1 Review public sector pension governance framework in consultation with pension boards and stakeholders.

11.2 Implement new business processes and procedures for monitoring private sector pension plans to ensure that they meet minimum requirements for the *Employment Pension Plans Act*.

Performance Measure	Last Actual (2003-04)	Target 2005-06	Target 2006-07	Target 2007-08
11.a Percentage of private sector plans that meet minimum funding requirements	99%	98%	98%	98%

EXPENSE BY CORE BUSINESS
(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
Fiscal Planning and Financial Management	49,650	60,130	69,203	62,355	63,151	63,142
Investment, Treasury and Risk Management	187,300	200,491	193,100	210,853	230,541	241,821
Financial Sector and Pensions	370,305	367,526	363,560	345,516	323,222	300,422
Valuation Adjustments and Other Provisions	3,075	500	(2,900)	1,000	1,000	1,000
MINISTRY EXPENSE	610,330	628,647	622,963	619,724	617,914	606,385

MINISTRY STATEMENT OF OPERATIONS
(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
REVENUE						
Internal Government Transfers	159,289	84,565	101,783	100,040	177,090	202,306
Personal and Corporate Income Taxes	6,308,958	7,041,956	7,002,399	7,476,950	7,878,273	8,302,731
Other Taxes	1,550,087	1,492,481	1,605,450	1,615,536	1,653,231	1,695,574
Transfers from Government of Canada	4,100	4,055	4,178	4,178	4,178	4,178
Investment Income	1,812,227	1,204,269	1,710,174	1,352,904	1,355,250	1,338,854
Premiums, Fees and Licences	32,044	38,771	35,143	37,522	40,558	43,432
Net Income from Commercial Operations	200,182	155,837	176,276	167,126	188,691	214,865
Other Revenue	43,470	49,236	48,061	53,012	57,187	61,360
MINISTRY REVENUE	10,110,357	10,071,170	10,683,464	10,807,268	11,354,458	11,863,300
EXPENSE						
Program						
Fiscal Planning and Financial Management	43,461	53,490	62,218	55,178	56,103	56,031
Investment, Treasury and Risk Management	184,549	197,540	189,995	207,664	227,408	238,660
Financial Sector and Pensions	369,421	366,577	362,562	344,491	322,215	299,406
Ministry Support Services	9,824	10,540	11,088	11,391	11,188	11,288
Valuation Adjustments and Other Provisions	3,075	500	(2,900)	1,000	1,000	1,000
Total Program Expense*	610,330	628,647	622,963	619,724	617,914	606,385
Debt Servicing Costs						
Department Voted	61,493	53,020	53,020	45,247	38,048	31,294
Department Statutory	201,613	302,000	264,000	238,000	200,000	196,000
Ministry Debt Servicing Costs	263,106	355,020	317,020	283,247	238,048	227,294
MINISTRY EXPENSE	873,436	983,667	939,983	902,971	855,962	833,679
Gain (Loss) on Disposal of Capital Assets	(62)	-	-	-	-	-
NET OPERATING RESULT	9,236,859	9,087,503	9,743,481	9,904,297	10,498,496	11,029,621

* Subject to the *Fiscal Responsibility Act*. Total program expense includes the province's cash payments towards the unfunded pension liability (which will be eliminated under a separate legislated plan). Total program expense does not include the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements. The annual increases (decreases) in the Ministry of Finance's unfunded pension obligations are estimated to be: 2,445 (13,000) (5,000) (13,000) (16,000) (15,000)

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable 2003-04 Actual	Comparable 2004-05 Budget	Comparable 2004-05 Forecast	2005-06 Estimates	2006-07 Target	2007-08 Target
Ministry Revenue	10,110,357	10,071,170	10,683,464	10,807,268	11,354,458	11,863,300
Inter-ministry consolidation adjustments	(251,491)	(181,583)	(192,089)	(196,791)	(276,679)	(303,064)
Consolidated Revenue	9,858,866	9,889,587	10,491,375	10,610,477	11,077,779	11,560,236
Ministry Program Expense	610,330	628,647	622,963	619,724	617,914	606,385
Inter-ministry consolidation adjustments	(28,555)	(28,682)	(29,824)	(31,710)	(45,585)	(45,877)
Consolidated Program Expense	**581,775**	**599,965**	**593,139**	**588,014**	**572,329**	**560,508**
Ministry Debt Servicing Costs	263,106	355,020	317,020	283,247	238,048	227,294
Inter-ministry consolidation adjustments	(85,911)	(89,726)	(83,562)	(88,721)	(90,134)	(89,670)
Consolidated Debt Servicing Costs	177,195	265,294	233,458	194,526	147,914	137,624
Consolidated Expense	758,970	865,259	826,597	782,540	720,243	698,132
Gain (Loss) on Disposal of Capital Assets	(62)	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	9,099,834	9,024,328	9,664,778	9,827,937	10,357,536	10,862,104